

Assisted Living Conversion Program (ALCP) Questions and Answers

27. Grantee is getting additional grant funds from the Federal Home Loan Bank for this ALF conversion. They wanted to know if they could deposit the funds from FHLB into the account that our ALF money is sitting in. Would you see any major problems with this?

Grantees are required to spend ALF funds according to their approved budget and timetable. Their accounting system must ensure that grant funds are not commingled with any other funds. If an auditable system does not exist (to provide adequate accountability of funds), the grantee must establish such a system.

26. Originally, the property was to be financed as an Assisted-Living Facility by Rural Development. The contractor involved in the project experienced financial problems as was unable to bring the property to completion. Rural development has 3 million set-aside and in order for them to provide the financing to the project, \$200,000 is required as their contribution. Currently, the project is financially unable to meet this requirement. Since commercial space is not clearly defined in the NOFA, is this property eligible as unused or underutilized commercial space. Would you provide an opinion whether or not this property is eligible as unused or underutilized commercial space?

The Office of the General Counsel has determined that a project developed for assisted living but is currently being used for storage because of lack of funds to complete the project does not qualify as “unused or underutilized commercial property.”

25. If a building is at less than full occupancy currently but it is expected that the ALCP conversion will maximize use of units, should the application for the service coordinator be based on full unit count?

It can be. However, to be eligible for Service Coordinator funding at this time, 25% of current residents must be frail, at risk, or people with disabilities. Also, if the owner does not reach the expected “full occupancy” we may expect the Service Coordinator funding to last longer than the original grant term, since fewer people will be served. (In order for this to be the case, however, the difference in numbers would have to be substantial.)

24. Further Clarification on Federal Assistance Funding Matrix: For form HUD 424-M, you stated that all federal funds for the conversion, supportive services or other activities related to the assisted living project were to be included. Does this mean that HAP funds for the rental assistance in the AL units must be included?

No, since the HAP funds are for the rental of the 202 unit.

And do projections regarding the Medicaid waiver dollars for services also need to be included (even though calculating the amount of Medicaid is totally dependent on the resident not our program, and cannot be guaranteed upfront)?

If the Medicaid dollars are necessary for the feasibility of the ALCP, then they must be included. The best estimate possible at the time the application is being completed is what should be submitted.

23. Further Clarification on “Program Income.” You have stated that program income is income you “expect to generate and contribute to the ALCP of the “life of your award.” Does this mean over the remaining life of the project mortgage plus the 20 year additional affordability commitment?

Yes

22. Further clarification on Room Sharing: If non-related persons were to share an assisted living unit, would the cost for the rent be halved (similar to the 811 program) with each person’s rent calculated based on ability to pay (30% of adjusted income) UP TO the ½ cost of the total unit rent?

It is difficult to answer the question without knowing whether there are already non-related persons sharing units in the project. The project is still a 202 project and must abide by the occupancy requirements currently in place for the different project types: 202, 202/8, or 202 capital advance. Contact should be made with the local field office concerning whether unrelated persons can share units and if so how to calculate the costs.

21. Submission of architectural plans. Regarding the application kit, Part III, Exhibit 5(c) and (e): (a) Do the plans need to be full size blue prints?

Yes, to a scale ¼” = 1’0”

(b). Floor plans only?

NOFA requires a full set of the project plans.

(c). Or must the various overlay pages showing utilities, etc. be included?

Yes, per the NOFA the original project plans are to be submitted.

(d). By “original plans” does HUD mean original “as built” or just the renovations- and does this need to be for the entire building or just the areas being proposed for conversion?

Original as built for those areas being proposed for conversion.

20. Can the plans be preliminary architectural sketches, or must they be fully completed blue-prints?

Fully completed blue-prints.

How would you compute Program income and over what period. Does this mean the portion that resident, Medicaid, family, donations or others might give?

Program Income is income you expect to generate and contribute to the ALCP over the life of your award.

19. Room Sharing: Some states allow sharing of licensed assisted living room as long as there is adequate square footage. With this in mind, how would the portion of rent each resident pays be figured, as well as what HUD pays?

Even though units are converted to assisted living units and must be licensed, they are still Section 202 units and the Section 202 occupancy requirements remain in place.

And how would this be shown on the TRACS payment system?

N/A

18. Spouses' and AL Units: Some states allow spouses to share assisted living rooms if desired, others may not. However, should a currently subsidized resident couple desire to have one member move to the Assisted Living and the other remain in place, is it correct to assume that HUD will continue to pay rental assistance for both at appropriately adjusted levels for each unit calculated based on each individual's income?

Under the program, since the project is still a Section 202 project, the couple will be expected to share the assisted living unit as they shared the regular 202 unit.

17. Unit furnishings as an Allowable Cost: Can participants include the cost of any furnishings for residents apartments such as beds or dressers?

No, such furnishings are not eligible costs.

And is it a correct assumption that furnishings for public areas such as the dining room areas and the activity area and offices are covered?

Yes.

16. If a property has funds in their Repair for replacement account above the \$1000 per unit guideline indicated in the NOFA: (a). Can a property submit a request to their local HUD office to use SOLEY project R4R funds for the conversion?

Yes.

(b). Or do they have to submit a full application for the grant , indicating that a portion of the dollars can come from project funds in conjunction with the ALCP program.

Only if they need the ALCP dollars as well as the R4R dollars for the conversion.

(c). If only project funds are used, will they still be required to sign the commitment for the additional 20 years to provide affordable housing?

No, there has not been a requirement placed on those projects where only project funds are used.

15. (a) What is the obligation for additional 20 year commitment to affordability? Can the commitment to affordability be “at least 20 years from issuance of the 202/ALCP grant” (even if still part of existing term) instead of another 20 years tacked on to what may be a very long remaining commitment, particularly for more recent developments?

No, the 20 years must be added to the remaining term.

(b) If not, could HUD modify the 20 year obligation for future rounds of this program?

HUD will consider the 20 year obligation as it develops future NOFAs.

14. Regarding relocation during unit/site improvements: What authority is there- or where do we get the authority- to relocate residents to convert floors to apartments? For instance, in our case, we are considering relocating everyone on 3 floors of our buildings- one floor at a time- in order to do the rehabilitation work. What happens if a resident refuses to move?

Other than the NOFA, the authority is dependent on what's stated in the lease. If a resident refuses to move, unless there are provisions in the lease giving management the authority to relocate that person to another unit, the project owner may have to rethink the units to convert.

13. If a project already has service coordinators (four coordinators for nearly 200 units), can they apply under the ALCP for a Service Coordinator Manager position that would supervise the other coordinators and also serve as the Service Coordinator Manager position that would supervise the other coordinators and also serve as the Service Coordinator for the ALF position?

Yes, they can apply for a SC Manager, etc. However, they need to provide a justification and description of the individual's planned duties and they should explain why this extra position is needed. If additional time, resources, etc. are needed for the ALCP, this request is reasonable. They should though explain this to us, so we'll understand the technicalities (is that a word?) of their plan.

12. Do all designated Assisted Living units have to be made FULLY ADA compliant (as would seem to be indicated by the NOFA), or is it just those portions of the unit/facility which are impacted by planned structural alterations (as was stated by a representative from FHEO during one of the concurrent sessions at the Baltimore conference)?

All units must meet the accessibility requirements as stated in the NOFA.

11. A project considering modifications of portions of units, like bathrooms, could never meet full ADA/UFAS requirements for such things as floor- space/ turning-radius for a wheel chair due to initial construction floor plan.

To qualify for the ALCP, the full unit must be accessible not just portions of the units.

10. For purposes of calculating Section 8 rental assistance, would any external sources of family payments for assisted living and/or meals services have to be counted as additional income?

If the assistance goes directly to the resident, then it must be accounted as income. You may wish to discuss with the owners of Culpepper Garden, the approach they are using for making the services affordable for the residents.

9. Similarly, would any additional out-of-pocket medical costs (not covered by Medicaid or other form of reimbursement) count as medical deductions, serving to reduce overall adjusted income for purposes of Section 8 rental assistance calculations?

Yes, consistent with Chapter 3 of Handbook 4350.3.

8. Is it appropriate to use the Fair Housing Act Design Manual as a standard for redesigning the independent living units as assisted living units? Or is there another standard that must be met?

The Fair Housing Design Manual may be used, but the project Architect must also use the Uniform Federal Accessibility Standards (UFAs) to determine accessibility requirements. The Architect should also be informed that Section 232 program requirements state that UFAs applies to 100 percent of the public areas, common areas, and residential accommodations. UFAS applies to substantial rehabilitation as well as new construction.

7. As part of unit modifications for the ALCP, would it be allowable to replace a four burner stove with a two burner unit, and a full-size refrigerator with an under the counter model?

Our position to date (and the NOFA requires) has been that the kitchens must be maintained. They can be modernized and made ADA compliant, but not downgraded to mini-kitchens. The definitions below may be helpful:

A kitchen consists of a sink, refrigerator, slip-in range with oven or built-in cook top plus a built-in over, and storage for cooking/eating utensils and food stuff. A kitchenette may include a small refrigerator and/or bar type sink, two burner cook top and/or microwave for the convenience of the tenant. In those units (in a few projects funded prior to 1974) that do not have a kitchen or kitchenette, there may be a microwave and under the counter refrigerator.

6. Is there anyone at HUD (national or local) who can review owners unit design plans prior to submission of the application to determine if they meet HUD's standards?

HUD is prohibited by the HUD Reform Act from reviewing applications or portions prior to submission.

5. I understand that consultant costs related to the ALCP are eligible uses of the grant, if selected. However, can an owner request an adjustment to rent if needed to pay for the upfront costs of preparing to submit an ALCP grant application?

No.

4. Is it expected that HUD will request or require reduction in the number of units proposed to be converted within a given property/ application – either as part of the up-front review, or upon funding/ awards process?

Only if the reduction is necessary in order to fund the application within the residual funds remaining at the conclusion of the selection process as discussed in the NOFA.

3. Does permission to include temporary relocation cost in the grant also include the cost of permanent relocation to another unit in the facility, if being relocated because a non-Assisted Living eligible resident currently lives on the floor/wing being targeted for conversion?

Yes.

2. Clarification on Accessibility: While Section 232 requires the application of UFAS to 100 percent of residential accommodations, some state assisted living statutes require that only a percentage of units meet full accessibility standards. In this situation, can the state requirements take precedence?

No, the units being converted must comply with the accessibility requirement as stated in the NOFA. Since the legislation requires ALCP projects to comply with Section 232 requirements, these requirements cannot be waived. However, the units that are not being converted do not have to comply with the NOFA requirements.

1. New question re: licensure interpretation: Several states do not have a licensure category entitled “assisted living”. Within a particular state an assisted living provider may be licensed under another name(s) such as Homes for the Aged and Adult Foster Care OR a provider may operate legally without being licensed within the same state, such as in Michigan.

In the State of Michigan, the licensing category that is acceptable to HUD’s assisted living facilities and board and care home is: Homes for the Aged and the agency that issues license is: Homes for the Aged and the agency that issues license is: Department of Consumer and Industry Services at 517-241-2632. There are no States that do not have either a license or certificate.